

2017 Year *in* Review



*Building the  
Foundation for a*

# BRIGHT FUTURE

 LCSWMA™



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# YEAR *in* REVIEW

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**Rethink.**



**Recover.**



**Renew.**

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# PHILOSOPHY

## **VISION:** *Rethinking Waste for a Sustainable Future.*

The first word of LCSWMA's tagline (RETHINK) conveys our commitment to discovering and implementing new ways of using waste as a resource to create a sustainable future. LCSWMA also envisions a future where society uses waste in ways that improve the livability of our community.

## **MISSION:** *Managing Waste as a Resource to Protect and Benefit Our Community.*

The second word of LCSWMA's tagline (RECOVER) conveys our commitment to creating value from waste, in order to benefit our community. Of equal importance, LCSWMA manages the waste while protecting the safety, health, and welfare of the people we serve and the surrounding environment.

## **CORE VALUES:** *Stewardship, Safety, Excellence, Innovation, Leadership, Education, Collaboration.*

The third word of LCSWMA's tagline (RENEW) speaks to our value system, whereby the strong roots of the organization represent the foundation of our vision and mission to create new opportunities from society's waste.

- **Stewardship** – managing our resources to protect the environment.
- **Safety** – protecting the well-being of our employees, customers, and community.
- **Excellence** – delivering the highest quality in all we do.
- **Innovation** – rethinking our initiatives, operations, and assets to create opportunities.
- **Leadership** – guiding our organization, industry, and community with passion and vision.
- **Education** – communicating information to help society rethink waste.
- **Collaboration** – working together to achieve success.



• VISION •

# Rethinking Waste for a Sustainable Future.



• **MISSION** •

Managing Waste  
as a Resource  
to Protect and Benefit  
Our Community.



• **CORE  
VALUES** •



# 2017 LEADERSHIP

## BOARD OF DIRECTORS:



**STEVE A. DZURIK**  
Chair



**JOSEPH R. DEERIN**  
Vice Chair



**R. EDWARD GORDON**  
Treasurer



**KAREN M. WEIBEL**  
Secretary



**MICHAEL W. BRUBAKER**



**LESTER O. HOUCK**



**JOHN K. MUSSER**



**GEORGE W. RETTEW, JR.**



**J. SCOTT ULRICH**



## EXECUTIVE TEAM:



**JAMES D. WARNER**  
Chief Executive Officer



**ROBERT B. ZORBAUGH**  
Chief Operating Officer



**MICHAEL J. LANE**  
Chief Financial Officer



**THOMAS F. ADAMS**  
Chief Business  
Development Officer



**MICHELLE A. MARSH**  
Chief Business  
Solutions Officer



**LESLIE D. WIREBACK**  
Chief Human  
Resources Officer



**KATHRYN J. SANDOE, Ed.D.**  
Chief Communications  
Officer



**ALEXANDER HENDERSON III, ESQUIRE**  
General Counsel

# MESSAGE

## FROM *the* BOARD CHAIR & CEO

### THE WHY

What is the purpose of a foundation? **Strength. Longevity. Quality.** LCSWMA believes the best foundations reflect these qualities, as they represent the underpinning for something larger that will have a lasting impact. And what about the people who build the foundations and bring blueprints to life? **Talented. Passionate. Driven.** LCSWMA believes the best projects are planned for and built by a team of people who care deeply about their work and continually strive for excellence.



**STEVE A. DZURIK**  
2017 Board Chair



**JAMES D. WARNER**  
Chief Executive Officer

### THE WHAT

While planning and executing are continuous actions woven throughout the fabric of our organization, last year LCSWMA expended considerable effort in building the foundation for a bright future — both in terms of serving our community and within our organization. This *2017 Year in Review* highlights some of those efforts, which are divided into four key areas:

- 01. Building Foundations for a Strong Business:** LCSWMA experienced its fourth consecutive year of waste volume growth. We closed this record year with \$83.3 million in total operating revenue, while managing almost 1 million tons and generating over 337,000 MWh of renewable energy. Equally important, LCSWMA managed these record volumes safely and on budget, thus maximizing the value of existing assets.
- 02. Building Foundations for Lasting Infrastructure:** Another year of strong economic growth and associated waste volumes, coupled with LCSWMA's operating fiscal discipline, generated higher cash flows to help fund \$22.5 million in capital investments. We also completed critical business milestones, like signing a 15-year agreement with Covanta to operate our two waste-to-energy facilities and completing a 5-year strategic plan.
- 03. Building Foundations for Quality Service:** Critical to our core philosophy, LCSWMA managed waste as a resource to protect and benefit our community. We diverted 93.5% of Lancaster County's municipal solid waste from the landfill (43.9% recycling, 49.6% combustion through waste-to-energy, and only 6.5% landfilled). We managed this volume while achieving excellent environmental performance at all four facilities, with the Frey Farm Landfill achieving 25 years of a perfect compliance record with PA-DEP.



- 04. The Builders:** Through all these achievements, it was our people who made it happen. Last year, we worked hard to advance a safe, well, and happy culture. We worked 185,800 hours without a loss-time accident and drove 1 million miles without an on-road accident. We donated over 600 hours in professional service and provided education to the community through tours, events, and online outreach.

We thank our partners, stakeholders, customers, and community for your collaboration and support in 2017. Together, we are *building the foundation for a bright future.*



- **Tipping Fees = \$65.7M (79%)**
- **Energy Portfolio = \$14.4M (17%)**
- **Transportation/Transfer Fees = \$1.7M (2%)**
- **Other Revenue = \$1.5M (2%)**

# BUILDING FOUNDATIONS *for a* STRONG BUSINESS

## RECORD TONNAGE

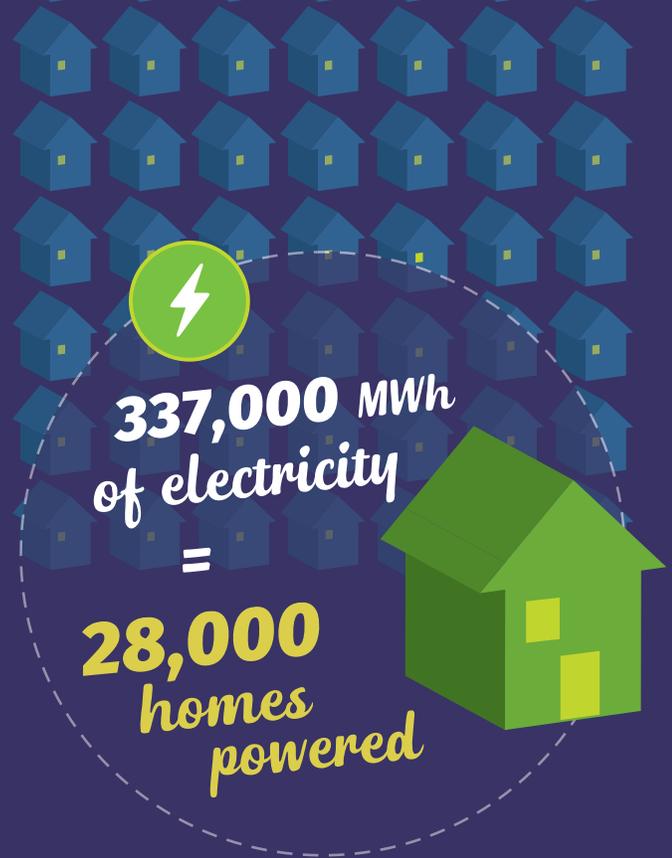
Last year, LCSWMA received 986,546 tons (2.8% increase over 2016), representing \$65.7 million in tipping fee revenue. LCSWMA managed this record tonnage through our award-winning Integrated System that includes:

01. **Curbside recycling program**, serving 89% of the population in Lancaster County.
02. **Permanent, drive-through Household Hazardous Waste Facility**, serving over 74,964 Lancaster County residents and businesses last year.
03. **Transfer Station Complex**, receiving 358,943 tons, which was then transferred to another LCSWMA site or privately-owned recycling facility for further processing and/or disposal.
04. **Lancaster Waste-to-Energy (WTE) Facility**, receiving 390,486 tons.
05. **Susquehanna Resource Management Complex (SRMC)**, receiving 315,733 tons.
06. **Frey Farm Landfill**, receiving 450,540 tons, including ash residue from both WTE facilities.

## ENERGY PORTFOLIO PERFORMANCE

LCSWMA generated over 337,000 MWh of electricity across our renewable energy portfolio, representing \$14.4 million in total energy revenue. Last year, our portfolio consisted of five major sources of green energy, with a sixth (steam-to-energy) added in September 2017:

01. Combined Waste-to-Energy: 317,555 MWh (Lancaster WTE Facility = 201,472 MWh) + (SRMC = 116,083 MWh)
02. Landfill Gas-to-Energy: 13,595 MWh
03. Wind Energy: 6,285 MWh
04. Solar Energy: 434 MWh
05. CNG: 94,000 gasoline gallon equivalent (GGE) sold to outside fleets and 219,000 GGEs consumed by LCSWMA's fleet
06. Steam-to-Energy: 33.5 million pounds of waste-to-energy steam sold to Perdue AgriBusiness



## BUSINESS OUTLOOK & CAPITAL INVESTMENTS

As part of the trend seen across the waste industry, LCSWMA continues to benefit from strong economic cycles, which boost waste volumes and disposal prices. Combined with our disciplined management of expenses, the milestones LCSWMA experienced in operational revenues and surpluses helped to fund almost 75% of our capital investments, with the remaining funds coming from capital reserves.

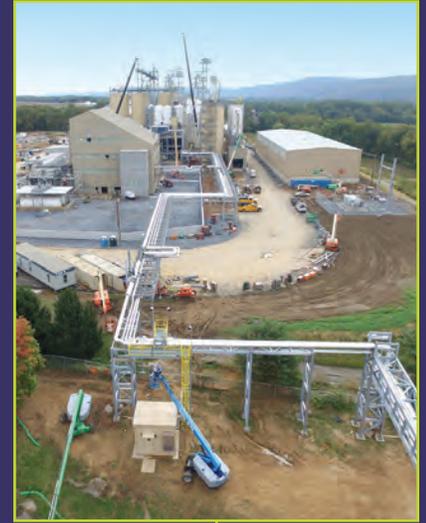
Some of the capital projects from last year included: **1) modifying the ash handling system**

## ADDING STEAM-TO-ENERGY: PERDUE INTEGRATION

LCSWMA successfully integrated Perdue AgriBusiness's state-of-the-art soybean processing facility with our Lancaster WTE Facility. The integration necessitated a \$6.2 million capital investment, which was funded by Perdue. Covanta provided technical expertise to assist with the engineering and construction of a utility bridge, along with upgrading the water treatment system at the Lancaster WTE Facility.

Through a 20-year agreement, LCSWMA is providing 15-20% of its steam to Perdue for the drying

and processing operations at their facility. This negates the need for Perdue to burn fossil fuels in these processes, thus significantly reducing greenhouse gas emissions. Additionally, Perdue uses process water from the Lancaster WTE Facility, which is then returned to LCSWMA for treatment in our closed loop, zero discharge system. This project exemplifies sustainable, synergistic public-private partnerships, and is bringing significant benefits to our local agricultural community.



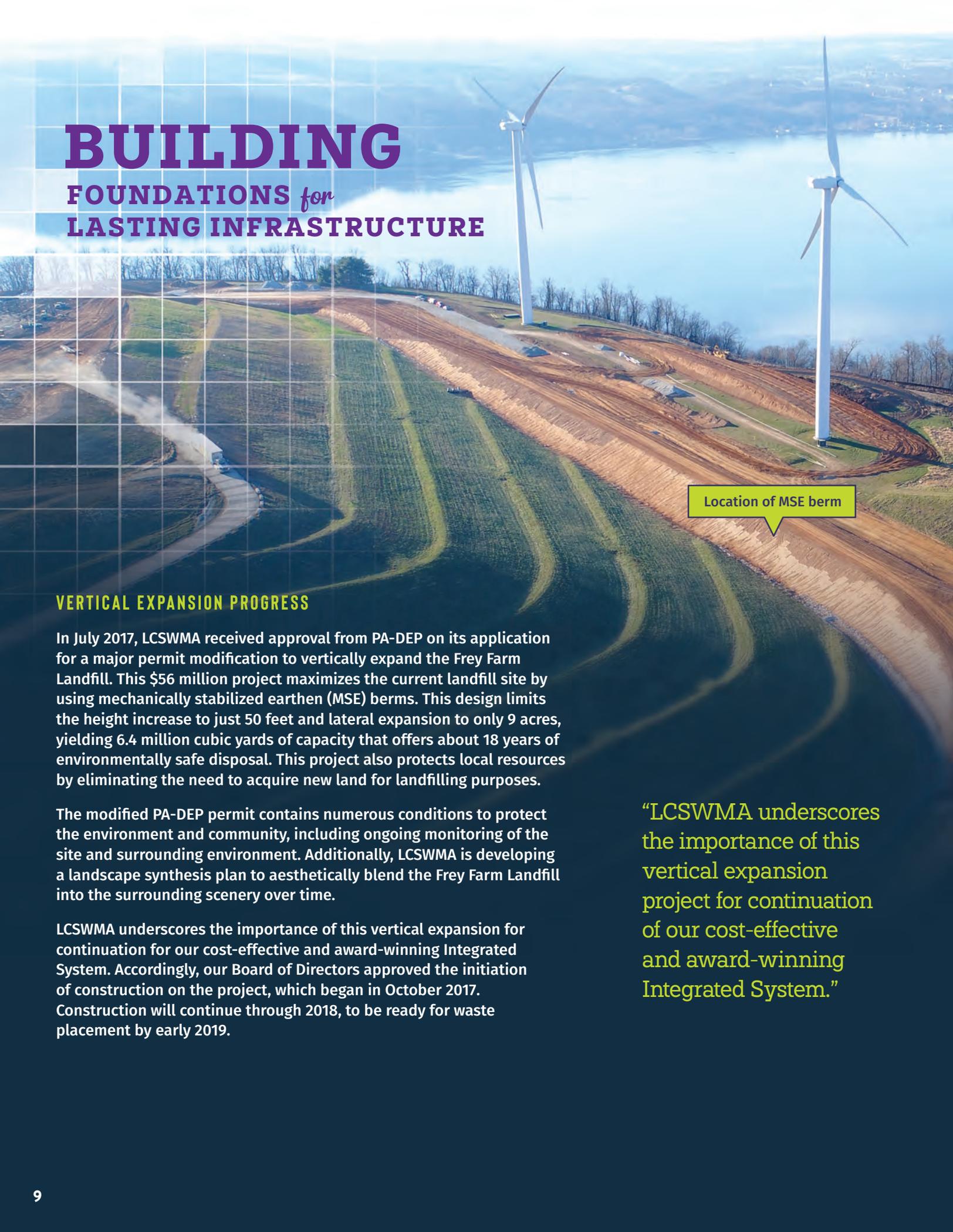
**at the Lancaster WTE Facility, 2) completing the steam bridge between the Lancaster WTE Facility and the Perdue AgriBusiness soybean processing facility, and 3) replacing the cooling tower at the SRMC. Additionally, at the Frey Farm Landfill site, 4) we capped cell 6, 5) initiated sitework for the vertical expansion, and 6) began site improvements for the metals recovery facility.** A few of the more significant business advancements and milestones are detailed in the following section.

Thanks to the tremendous financial performance and forward-looking initiatives we undertook last year, our 5-year financial model shows LCSWMA being well-positioned to maintain our infrastructure, equipment, and workforce to continue achieving standards of excellence. LCSWMA makes these investments to ensure we continue providing reliable, cost-effective waste disposal services for our customers and community.

# BUILDING

## FOUNDATIONS *for*

### LASTING INFRASTRUCTURE



Location of MSE berm

#### VERTICAL EXPANSION PROGRESS

In July 2017, LCSWMA received approval from PA-DEP on its application for a major permit modification to vertically expand the Frey Farm Landfill. This \$56 million project maximizes the current landfill site by using mechanically stabilized earthen (MSE) berms. This design limits the height increase to just 50 feet and lateral expansion to only 9 acres, yielding 6.4 million cubic yards of capacity that offers about 18 years of environmentally safe disposal. This project also protects local resources by eliminating the need to acquire new land for landfilling purposes.

The modified PA-DEP permit contains numerous conditions to protect the environment and community, including ongoing monitoring of the site and surrounding environment. Additionally, LCSWMA is developing a landscape synthesis plan to aesthetically blend the Frey Farm Landfill into the surrounding scenery over time.

LCSWMA underscores the importance of this vertical expansion for continuation for our cost-effective and award-winning Integrated System. Accordingly, our Board of Directors approved the initiation of construction on the project, which began in October 2017. Construction will continue through 2018, to be ready for waste placement by early 2019.

**“LCSWMA underscores the importance of this vertical expansion project for continuation of our cost-effective and award-winning Integrated System.”**



## METALS RECOVERY FACILITY PROGRESS

In partnership with Inashco North America, LCSWMA advanced its metals recovery facility through permitting and initial sitework. This project will recover approximately 8,300 tons of valuable ferrous and non-ferrous metals each year from ash residue generated by LCSWMA's Lancaster Waste-to-Energy (WTE) Facility and Susquehanna Resource Management Complex (SRMC). While both facilities use in-line metal recovery systems, only larger metals are currently removed. Inashco offers an advanced system to remove smaller (pebble-sized) metals from the ash for the benefit of bringing these metals back to manufacturers for recycling and saving valuable landfill space.

In the first half of the year, the metals recovery facility building design was finalized and the project received permit approval from PA-DEP and land development approvals from the host municipality. Over the fall months, LCSWMA completed the necessary sitework, including rough grading for the access road and building pad, along with constructing the storm water retention basin and associated discharge channel. Inashco began construction of the 54,000-square-foot building in spring 2018, with anticipated completion and initiation of operations in fall 2018.

## NEW WASTE-TO-ENERGY OPERATOR AGREEMENT

In December 2017, LCSWMA and Covanta signed a 15-year agreement for the continued operation and maintenance of the Lancaster WTE Facility in Bainbridge and the SRMC in Harrisburg. **The new, improved agreement extends a successful long-term collaboration between LCSWMA and Covanta through 2032.** The agreement stipulates investments and upgrades to the systems at both WTE facilities to ensure continued safe and reliable waste processing and energy production for many years to come.

LCSWMA is proud to continue working with such an experienced and industry-leading company like Covanta. WTE has been a critical component of LCSWMA's Integrated System that minimizes landfill consumption and generates renewable energy for our community. Covanta has been a vital partner in helping LCSWMA achieve that goal with great success. This enhanced partnership will help LCSWMA continue offering cost-effective, sustainable waste management services to the residents and businesses we serve.

**“LCSWMA is proud to continue working with such an experienced and industry-leading company like Covanta.”**



## STRATEGIC PLANNING

LCSWMA's Executive Team devoted considerable time to develop a 5-year Strategic Plan (2018–2022), which our Board of Directors adopted in December 2017. The Plan offers the structure to ensure our leadership team and the Board of Directors are aligned on the strategic direction of the organization, as well as prioritizing key initiatives to ensure LCSWMA's continued success. The Plan also serves as the foundation for cascading goals throughout the organization, and will be reviewed annually by the Executive Team and Board of Directors as part of our ongoing strategic planning process. A digital copy of the Strategic Plan can be found on LCSWMA's website: [www.lcswma.org](http://www.lcswma.org).

# BUILDING FOUNDATIONS *for* QUALITY SERVICE



**235,375 Waste Delivery Transactions**

## ENVIRONMENTAL EXCELLENCE

LCSWMA upheld its purpose of protecting people and the environment by managing record tonnage with environmental excellence. In fact, all our facilities achieved a perfect compliance record with PA-DEP site inspections, and **the Frey Farm Landfill reached 25 years of perfect PA-DEP environmental compliance.** These achievements are the result of an experienced and dedicated staff who understand LCSWMA's responsibility to manage waste while minimizing our own eco-footprint.

## CUSTOMER SERVICE

Across all sites, LCSWMA safely handled 235,375 waste delivery transactions (another record), while maintaining our standards of efficient on-site times for customers. Reliability is another important aspect of our service offering, and we're proud to have once again achieved 100% site availability to our hauling customers and community.

## RECYCLING IN LANCASTER COUNTY

Part of LCSWMA's role with advancing recycling in our community is the collection and analysis of recycling data from Lancaster County municipalities, including residential, institutional, and commercial sources. In 2017, **Lancaster County once again achieved a 44% recycling rate**, which remains consistent with the last few years and is above the national average of 34%. Examples of positive trends over 2016 include an increase in the tons reported of corrugated cardboard, food waste from educational institutions, and metals recycled from businesses. Decrease trends include lower tons of yard waste and single stream.



## 2017 PERFORMANCE

- Recycling rate achieved = 44%
- Municipalities with curbside recycling programs = 44
- Municipalities with drop-off recycling programs = 3
- County residents served = 89%
- Total tons of material recycled = 254,781
  - Paper = 31.3%
  - Metals = 21.2%
  - Food = 17.1%
  - Dual/single stream = 13.8%
  - Yard waste/wood = 8.8%
  - Construction/demolition = 2.6%
  - Tires = 2.3%
  - Plastics = 1.5%
  - Household hazardous waste = 1.4%

LCSWMA was awarded the "2017 Leader in Sustainability Award" by Call2Recycle, Inc, which recognizes top performing program participants for their commitment to battery recycling and keeping these materials out of the waste stream. In 2017, LCSWMA collected 10,133 pounds of rechargeable batteries at the Household Hazardous Waste Facility for recycling.



## UNCERTAIN FUTURE FOR SINGLE-STREAM RECYCLING

The U.S. is the largest exporter of recycled commodities, with China positioned as the largest importer of those materials. Last year, the Chinese government introduced a “National Sword” policy that set extremely stringent parameters on the quality of recyclable materials imported into the country, in order to reduce contamination. This policy is significantly impacting the global recycling industry, including the Susquehanna Valley. Material Recovery Facilities that process single-stream materials cannot meet China’s quality standards, so they are forced to sell commodities into alternative markets at much lower prices. **The result is a challenging financial situation for the recycling industry.** LCSWMA is on the forefront of working toward a solution for our community, which will require collaboration from municipalities, haulers, and the public. It starts with educating people on the importance of recycling the right materials and illuminating the negative impact of *wishful recycling*. Look for more on this issue throughout 2018.



## HOUSEHOLD HAZARDOUS WASTE FACILITY LANCASTER, PA



At LCSWMA’s permanent, drive-through Household Hazardous Waste (HHW) Facility, Lancaster County residents and businesses may dispose of certain materials for free. Visit [www.lcswma.org](http://www.lcswma.org) for a full list of materials accepted. We offer this convenient service to help minimize the volume and toxicity of the waste stream.

### 2017 PERFORMANCE

- Number of resident visits = 74,964
- Average number of daily visits = 267
- Total material received = 1,801 tons
  - e-Waste = 71.1%
  - Latex paint = 15.2%
  - Batteries = 4.4%
  - Automotive fluids = 4.1%
  - Fluorescent bulbs = 1.2%
  - Other material = 4.0%



# TRANSFER STATION COMPLEX

LANCASTER, PA



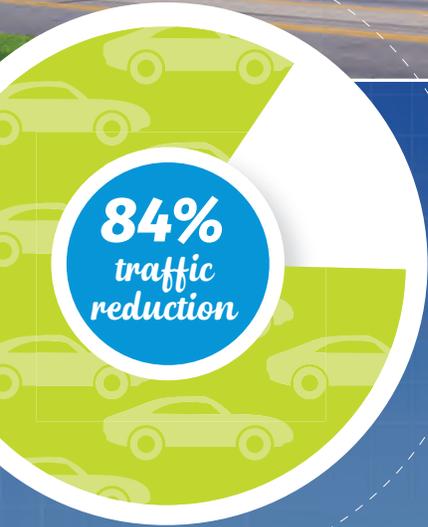
The Transfer Station Complex (TSC) reduces the amount of traffic on local highways by functioning as a waste delivery, consolidation, and transfer hub. It serves as the central drop-off location for haulers and residents delivering trash, construction/demolition waste, and certain recyclable material.

## 2017 ANNUAL TOTALS

- Tons received = 358,943
- Inbound loads = 104,493
- Outbound loads = 16,208
- Outbound transferred to the Frey Farm Landfill = 94,759 tons
- Outbound transferred to the Lancaster WTE Facility = 238,194 tons
- Outbound transferred to recycling market = 1,447 tons
- Reduction in traffic to disposal facilities achieved = 84%

## 2017 AVERAGES

- Daily MSW customer visits = 372
- Daily tons delivered = 1,278
- Tons per inbound waste load = 3.44
- Tons per outbound waste load to Frey Farm Landfill = 20.3
- Traffic trip reduction benefit to Frey Farm Landfill = 22,926
- Tons per outbound waste load to Lancaster WTE Facility = 20.6
- Traffic trip reduction benefit to Lancaster WTE Facility = 57,797



# LANCASTER WASTE-TO-ENERGY FACILITY

BAINBRIDGE, PA

The Lancaster Waste-to-Energy (WTE) Facility reduces the volume of waste by 90% through burning trash. This process not only saves significant landfill space, but also produces renewable energy, and now steam to Perdue Agribusiness's soybean processing plant.

## 2017 ANNUAL TOTALS

- Tons of waste processed = 390,486
- Inbound deliveries = 30,789
- Tons of ash produced and used as daily landfill cover = 86,457
- Tons of ferrous metal recovered and recycled = 9,013
- Revenue from recycled ferrous metals = \$701,774
- Tons of non-ferrous metal recovered and recycled = 601
- Revenue from recycled non-ferrous metals = \$182,516

## 2017 AVERAGES

- Daily tons delivered = 1,390
- Daily inbound deliveries = 109
- Tons per inbound load = 12.7
- Electric revenue per ton processed = \$40.38

## 4 Benefits of the Lancaster WTE Facility



Reduces waste volume  
by **90%**

Recovers **9,600+** tons  
of metals for recycling



Produces **201+** million  
kWh of electricity

Reduces greenhouse  
gases vs. landfilling





## SUSQUEHANNA RESOURCE MANAGEMENT COMPLEX

### HARRISBURG, PA

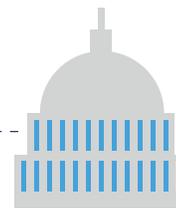
As previously described, waste-to-energy (WTE) is a key part of LCSWMA's Integrated System. The Susquehanna Resource Management Complex (SRMC) contributes to this process by combusting trash to reduce its volume by 90%, while producing renewable energy for PA State Capitol Buildings.



*waste is  
turned to  
renewable  
energy*



*powering  
State  
Capitol  
buildings*



### 2017 ANNUAL TOTALS

- Tons of waste processed = 315,733
- Inbound deliveries = 57,088
- Tons of ash produced and used as daily landfill cover = 86,258
- Tons of ferrous metal recovered and recycled = 6,686
- Revenue from recycled ferrous metal = \$506,658

### 2017 AVERAGES

- Daily tons delivered = 1,124
- Daily inbound deliveries = 204
- Tons per inbound customer load = 5.5
- Electric revenue per ton processed = \$50.83

# FREY FARM LANDFILL

CONESTOGA, PA

LCSWMA's landfill serves a vital role in Lancaster County's Integrated System by protecting the safety, health, and welfare of the community. This is achieved through environmentally safe solid waste disposal of mostly inorganic material like waste-to-energy ash residue, construction/demolition waste, foundry sands, and other industrial/manufacturing waste.

## 2017 ANNUAL TOTALS

- Tons received = 450,540
- Inbound loads received = 43,333
- Volume utilized for the year = 4.11%
- Annual fill density achieved = 2,069 (lbs./cubic yard)

## 2017 AVERAGES

- Tons delivered daily = 1,622
- Daily inbound deliveries = 154
- Tons per inbound load = 10.52



The Frey Farm Landfill achieved 25 years of perfect environmental compliance with PA-DEP.



The Frey Farm Landfill provides environmentally safe solid waste disposal for our community.



# THE BUILDERS

## SAFE, WELL, AND HAPPY CULTURE

While LCSWMA's Integrated System handled almost 1 million tons of solid waste last year, it's our talented, passionate, and driven staff who help LCSWMA transform this material into a resource for our community. In return, LCSWMA works hard to foster a culture that is safe, well, and happy for our employees each day. Highlights of these efforts from last year include:

- Keeping local roads safer by LCSWMA staff **driving over 1 million miles without an on-road accident.**
- Keeping our employees safer by **working 185,800 hours without a lost-time accident.**
- Initiating new, hands-on training for operational topics like forklift safety and fire extinguisher usage.
- Achieving record participation levels for our safety and wellness initiative, with 80% of staff taking part in LCSWMA's program.
- Advancing workforce development with cross-training opportunities for operational staff and professional development training for management.
- Launching an outreach initiative for schools and technical institutions to raise awareness of career opportunities at LCSWMA, including hosting our first Career Day as part of national Manufacturing Day.
- **Employees contributing \$19,245 to Extraordinary Give**, donating Christmas gifts to over 50 local children in need during the holidays, and giving 75 pints of blood to the Lancaster community.



## COMMUNITY ENGAGEMENT

LCSWMA's work primarily focuses on the physical management of solid waste — and doing so in such a way that we protect our community, while transforming the material into something valuable. However, LCSWMA also uses our people, assets, and resources in creative ways to help make our community a better place to live, work, and recreate. Highlights of these efforts from last year include:

- **Securing \$1.02 million in grant money** for LCSWMA services and municipal recycling programs, along with **providing over 600 hours of professional support to municipalities** with their collection and recycling programs.
- Offering project management expertise for the Northwest Lancaster County River Trail (NWLCRT). LCSWMA helped to complete the Evan's Run Bridge in Marietta and continued support of the trail construction in northern Conoy Township.
- **Educating almost 6,500 people through tours of our facilities and outreach at community events.** We also reached thousands more through our e-marketing and social media program, with the goal of providing information on best waste management practices and LCSWMA's operations, projects, and initiatives.
- **Launching the Waste is a Resource campaign** to illuminate how LCSWMA uses waste in innovative, creative, and sustainable ways. The campaign includes a landing page ([www.wasteisaresource.org](http://www.wasteisaresource.org)) and nine educational videos.
- **Partnering with over 45 organizations** to help improve the regional environment, health, economy, and livability of the public in Lancaster and Dauphin Counties.



Advancing Development of the NWLCRT.



Supporting "Keys for the City," a program of Music for Everyone.



Educating our Community through Outreach Events and Tours.

LCSWMA proudly sponsored the Harrisburg Mural Festival.



## STATEMENTS of NET POSITION

DECEMBER 31, 2017 AND 2016

ASSETS	2017	2016
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 6,394,582	\$ 10,117,237
Investments	30,198,138	32,530,344
Accounts Receivable, net of Provision for Bad Debts of \$10,000 at 2017 and 2016	11,042,953	8,864,606
Grants Receivable, Current Portion	200,000	317,476
Notes Receivable, Current Portion	6,643	6,354
Interest Receivable	172,179	194,284
Inventory	18,271	26,248
Prepaid Assets	240,843	195,355
<b>Total Current Assets</b>	<b>48,273,609</b>	<b>52,251,904</b>
<b>RESTRICTED ASSETS</b>		
Investments with Trustee	9,023,653	9,021,940
Interest Receivable	193	41
Total Restricted Assets with Trustee	9,023,846	9,021,981
Escrow Deposits	1,683,412	1,672,052
Closure and Post-Closure Care Funds	19,371,296	19,657,597
<b>Total Restricted Assets</b>	<b>30,078,554</b>	<b>30,351,630</b>
<b>OTHER ASSETS</b>		
Grant Receivable, net of Current Portion	-0-	199,166
Notes Receivable, net of Current Portion	335,119	2,548,501
Deposit on Real Estate	45,500	-0-
Other – Raffles Insurance, Ltd.	31,000	31,000
<b>Total Other Assets</b>	<b>411,619</b>	<b>2,778,667</b>
<b>REAL ESTATE, FACILITIES, and EQUIPMENT</b>		
Waste-to-Energy Facility	147,371,588	139,051,088
Susquehanna Resource Management Complex	132,489,049	127,557,896
Landfill Facility	87,710,723	87,160,387
Transfer Station Complex	26,210,158	24,550,940
Equipment	21,362,839	20,003,982
Support Facilities	9,887,428	9,868,901
Other Real Estate	8,622,951	8,886,177
Administrative Building and Equipment	4,051,048	4,065,441
	437,705,784	421,144,812
Accumulated Depreciation	(210,879,583)	(200,502,262)
Net Depreciable Assets	226,826,201	220,642,550
Construction in Progress	12,300,141	8,758,076
<b>Net Real Estate, Facilities, and Equipment</b>	<b>239,126,342</b>	<b>229,400,626</b>
<b>TOTAL ASSETS</b>	<b>\$ 317,890,124</b>	<b>\$ 314,782,827</b>

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**STATEMENTS of NET POSITION**  
(CONTINUED)

DECEMBER 31, 2017 AND 2016

<b>LIABILITIES and NET POSITION</b>	<b>2017</b>	<b>2016</b>
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	\$ 4,125,000	\$ 4,025,000
Current Portion of Estimated Post-Closure Care Costs	144,000	137,000
Accounts Payable – Trade	5,977,559	5,724,908
Prepaid Disposal Fees	988,872	960,316
Accrued Expenses	4,286,451	3,229,876
<b>Total Current Liabilities</b>	<b>15,521,882</b>	<b>14,077,100</b>
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt, net of Current Portion	122,651,450	127,321,963
Estimated Closure and Post-Closure Care Liability, net of Current Portion	9,062,556	10,633,769
Other Long-Term Liabilities	2,371,616	2,775,561
<b>Total Long-Term Liabilities</b>	<b>134,085,622</b>	<b>140,731,293</b>
<b>TOTAL LIABILITIES</b>	<b>149,607,504</b>	<b>154,808,393</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	121,373,738	107,075,644
Restricted	10,498,152	9,208,880
Unrestricted	36,410,730	43,689,910
<b>TOTAL NET POSITION</b>	<b>\$ 168,282,620</b>	<b>\$ 159,974,434</b>

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**STATEMENTS of REVENUES, EXPENSES and CHANGES  
in NET POSITION**

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<b>2017</b>	<b>2016</b>
<b>OPERATING REVENUES</b>		
Tipping Fees	\$ 65,724,017	\$ 61,760,388
Energy	14,409,009	14,738,431
Transportation	1,653,075	1,549,966
Other	1,497,921	889,221
<b>Total Operating Revenues</b>	<b>83,284,022</b>	<b>78,938,006</b>
<b>OPERATING EXPENSES</b>		
Waste-to-Energy Facility	22,723,842	22,476,694
Susquehanna Resource Management Complex	18,630,613	18,535,832
Depreciation	13,609,605	13,171,084
Landfills	4,553,918	4,284,513
Transfer Station Complex	3,765,041	3,241,425
Closure and Post-Closure Care	190,785	(234,865)
Household Hazardous Waste	502,269	475,214
<b>Total Operating Expenses</b>	<b>63,976,073</b>	<b>61,949,897</b>
<b>SUPPORT EXPENSES</b>		
General and Administrative	12,504,390	11,862,224
Depreciation	53,312	49,621
<b>Total Support Expenses</b>	<b>12,557,702</b>	<b>11,911,845</b>
<b>Total Operating and Support Expenses</b>	<b>76,533,775</b>	<b>73,861,742</b>
<b>OPERATING INCOME</b>	<b>6,750,247</b>	<b>5,076,264</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Grant Revenues	201,718	177,236
Gain (Loss) on Disposal of Assets	(993,681)	1,058,174
Miscellaneous	538,377	425,175
Bad Debt Expense/Defaulted Note Receivable	(472,609)	-0-
Interest and Investment Earnings	718,542	673,671
Interest Expense	(4,681,613)	(4,769,778)
<b>Net Non-Operating Expenses</b>	<b>(4,689,266)</b>	<b>(2,435,522)</b>
<b>CHANGES in NET POSITION Before CAPITAL CONTRIBUTIONS</b>	<b>2,060,981</b>	<b>2,640,742</b>
<b>CAPITAL CONTRIBUTIONS</b>		
<b>CHANGES in NET POSITION</b>	<b>6,247,205</b>	<b>-0-</b>
<b>NET POSITION</b>		
Beginning of Year	159,974,434	157,333,692
<b>End of Year</b>	<b>\$ 168,282,620</b>	<b>\$ 159,974,434</b>

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## STATEMENTS of CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS from OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 81,672,608	\$ 80,927,476
Payments to Suppliers	(56,002,024)	(53,870,360)
Payments to Employees	(7,771,006)	(6,213,317)
<b>Net Cash Provided by Operating Activities</b>	<b>17,899,578</b>	<b>20,843,799</b>
<b>CASH FLOWS from NON-CAPITAL and RELATED FINANCING ACTIVITIES</b>		
State and Local Grant Income	518,360	675,037
<b>CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES</b>		
Interest Paid	(5,231,537)	(5,329,662)
Principal Payments	(4,025,000)	(3,925,000)
Payments for Capital Acquisitions	(23,212,737)	(6,289,629)
Proceeds from Capital Contributions	6,247,205	-0-
Proceeds from Sale of Capital Assets	760,453	2,679,620
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(25,461,616)</b>	<b>(12,864,671)</b>
<b>CASH FLOWS from INVESTING ACTIVITIES</b>		
Deposits Made for Escrow Funds	(11,360)	(22,368)
Principal Payments Received on Notes Receivable	6,356	6,074
Sales of Restricted Investments	33,440,042	36,513,400
Purchases of Restricted Investments	(33,288,783)	(36,963,811)
Receipts of Interest	1,010,088	960,610
Sales of Unrestricted Investments	11,054,394	19,075,665
Purchases of Unrestricted Investments	(8,889,714)	(25,201,470)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>3,321,023</b>	<b>(5,631,900)</b>
<b>INCREASE (DECREASE) in CASH and CASH EQUIVALENTS</b>		
	<b>(3,722,655)</b>	<b>3,022,265</b>
<b>CASH and CASH EQUIVALENTS</b>		
Beginning	10,117,237	7,094,972
Ending	<b>\$ 6,394,582</b>	<b>\$ 10,117,237</b>

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**STATEMENTS of CASH FLOWS**  
(CONTINUED)

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<b>2017</b>	<b>2016</b>
<b>RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES</b>		
Operating Income	\$ 6,750,247	\$ 5,076,264
<b>ADJUSTMENTS to RECONCILE OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES</b>		
Depreciation	13,662,917	13,220,705
Miscellaneous Income not in Operating Income on Statements of Revenues, Expenses, and Changes in Net Position Included for Cash Flow	538,377	425,175
(Increase) Decrease in:		
Accounts Receivable	(2,178,347)	1,532,621
Inventory and Other Current Assets	(37,511)	817,038
Increase (Decrease) in:		
Current Liabilities	728,108	137,729
Estimated Closure and Post-Closure Care Costs	(1,564,213)	(365,733)
<b>Total Adjustments</b>	<b>11,149,331</b>	<b>15,767,535</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 17,899,578</b>	<b>\$ 20,843,799</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Defaulted Note and Accrued Interest Receivable	2,237,999	-0-
Seizure of Collateral on MP2 Note	1,765,390	-0-
Change in Market Value of Investments - Restricted	(133,329)	(136,569)
Change in Market Value of Investments - Unrestricted	(167,526)	(171,717)

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## SCHEDULES of CONDENSED REVENUES and EXPENSES

YEARS ENDED DECEMBER 31, 2017, 2016, 2015, 2014 AND 2013

	2017	2016	2015	2014	2013
<b>OPERATING REVENUES</b>					
Tipping Fees	\$ 65,724,017	\$ 61,760,388	\$ 59,545,228	\$ 57,350,288	\$ 36,528,464
Energy	14,409,009	14,738,431	18,401,006	18,706,329	12,366,845
Transportation and Other	3,150,996	2,439,187	2,745,659	4,362,067	3,312,889
<b>Total Operating Revenues</b>	<b>83,284,022</b>	<b>78,938,006</b>	<b>80,691,893</b>	<b>80,418,684</b>	<b>52,208,198</b>
<b>OPERATING EXPENSES</b>					
Waste-to-Energy Facility	22,723,842	22,476,694	23,230,173	22,476,602	21,586,995
Susq. Resource Mgmt. Complex	18,630,613	18,535,832	18,283,527	19,127,931	439,348
Depreciation	13,609,605	13,171,084	12,642,052	12,187,390	7,667,655
Landfills	4,553,918	4,284,513	4,319,801	4,016,806	3,522,988
Transfer Station Complex	3,765,041	3,241,425	3,051,474	3,141,323	3,132,300
Closure and Post-Closure Care	190,785	(234,865)	592,718	1,709,978	476,203
Household Hazardous Waste	502,269	475,214	449,586	386,158	341,862
<b>Total Operating Expenses</b>	<b>63,976,073</b>	<b>61,949,897</b>	<b>62,569,331</b>	<b>63,046,188</b>	<b>37,167,351</b>
<b>SUPPORT EXPENSES</b>					
<b>Total Operating and Support Expenses</b>	<b>76,533,775</b>	<b>73,861,742</b>	<b>73,634,642</b>	<b>73,691,521</b>	<b>51,176,976</b>
<b>OPERATING INCOME</b>	<b>6,750,247</b>	<b>5,076,264</b>	<b>7,057,251</b>	<b>6,727,163</b>	<b>1,031,222</b>
<b>INTEREST and INVESTMENT EARNINGS</b>					
	718,542	673,671	601,975	1,049,363	309,060
<b>INTEREST EXPENSE</b>					
	(4,681,613)	(4,769,778)	(5,139,214)	(5,591,063)	(1,538,259)
<b>NET OTHER NON-OPERATING REVENUES (EXPENSES) and CAPITAL CONTRIBUTIONS</b>					
	5,521,010	1,660,585	2,626,575	(1,883,657)	6,782,293
<b>CHANGES in NET POSITION</b>	<b>\$ 8,308,186</b>	<b>\$ 2,640,742</b>	<b>\$ 5,146,587</b>	<b>\$ 301,806</b>	<b>\$ 6,584,316</b>

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